

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SAJ-01 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 CIEP-01 SP-02 STR-04

TRSE-00 LAB-04 SIL-01 SAM-01 OMB-01 AGR-05 SS-15

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FM USMISSION EC BRUSSELS

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INFO ALL EC CAPITALS 1123

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E.O. 11652: N/A

TAGS: EFIN, EEC, PFOR

SUBJECT: EC BUDGET COUNCIL--FRG IS OUTVOTED ON FURTHER ECONOMY MEASURES.

REFS: A. EC BRUSSELS 08517

B. EC BRUSSELS 08385

1. SUMMARY: THE EC BUDGET COUNCIL OVERRODE FRG OPPOSITION TO ADOPT BY AN 8 TO 1 MARGIN THE 1976 COMMUNITY BUDGET. THE FRG HAD PROPOSED FURTHER CUTS AMOUNTING TO 320 MILLION UNITS OF ACCOUNT IN AGRICULTURAL EXPENDITURES BUT WAS SOUNDLY VOTED DOWN. END SUMMARY.

2. THE EC BUDGET COUNCIL MEETING IN BRUSSELS ON SEPTEMBER 29 ADOPTED THE 1976 COMMUNITY BUDGET AMOUNTING TO 7.5 BILLION UNITS OF ACCOUNT (\$9 BILLION). THIS BUDGET, WHICH NOW GOES TO THE EUROPEAN PARLIAMENT, REPRESENTS A 19 PERCENT INCREASE OVER THIS YEAR'S EXPENDITURES. THE FRG PROPOSED 320 MILLION UNITS OF ACCOUNT (M.U.A.) OF CUTS IN THE GUARANTEE SECTION OF THE EUROPEAN AGRICULTURE GUARANTEE AND GRANTS FUND (FEOGA), BUT BY A VOTE OF 8 TO 1 THE MEMBER STATES VOTED DOWN THE LIMITED OFFICIAL USE

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FRG PROPOSAL. (BUDGET DECISIONS ARE TAKEN BY A QUALIFIED

MAJORITY VOTE WHICH PRECLUDED THE FRG FROM EXERCISING A VETO.)

3. ALL OF THE OTHER MEMBERS STATES VOTED AGAINST THE FRG ON THREE MOTIONS. FIRST THE GERMANS ASKED FOR A SERIES OF REDUCTIONS TO THE FEOGA. WHEN THIS MOTION WAS DEFEATED, THE FRG THEN ASKED FOR AN ADDITIONAL CUT OF 320 M.U.A. TO BE APPLIED TO THE OVERALL BUDGET, AFTER THE FRG WAS DEFEATED AGAIN ON THIS MOTION, THE EIGHT MEMBER STATES OVERRODE AN FRG NEGATIVE VOTE AND ADOPTED THE ENTIRE BUDGET. IN PART TO ASSUAGE GERMAN FEELINGS THE COUNCIL EXPRESSED A DESIRE TO MAKE FURTHER ECONOMIES WHEN IT TAKES UP THE BUDGET AGAIN AFTER THE PARLIAMENT HAS REVIEWED IT. PERMDEL OFFICIALS, HOWEVER, DO NOT EXPECT A SERIOUS COUNCIL EFFORT TO MAKE ADDITIONAL REDUCTIONS.

4. OUR SOURCES SAY THE FRG HAD MORE SUPPORT FOR ITS EFFORTS TO CUT THE FEOGA THAN THE FINAL VOTES INDICATE. OTHER MEMBER STATES DID NOT CONSIDER THE FRG'S LIST OF PROPOSED CUTS TO BE EVENLY BALANCED; SOME COUNTRIES' FEOGA RECEIPTS WOULD HAVE BEEN REDUCED MORE THAN OTHERS. DUTCH AND BRITISH PERMDEL SOURCES SAID THAT THEY WERE PREPARED TO SUPPORT A COUNCIL STATEMENT ASKING FOR A THOROUGH REVIEW OF THE FEOGA. THEY WERE ALSO PREPARED TO AGREE TO A STATEMENT OF INTENT TO REDUCE THE BUDGET FURTHER. THE FRG FAILED TO MAKE SUCH PROPOSALS, HOWEVER.

5. OUR SOURCES BELIEVE THE FRG PREFERRED TO BE OUTVOTED AT THIS TIME ON ITS EFFORTS TO CUT FURTHER THE BUDGET THAN TO SETTLE ON A STATEMENT THAT MAY PROVE TO BE MEANINGLESS. FRG OFFICIALS HERE CONCEDE THAT TACTICALLY THEY COULD HAVE HANDLED THIS ISSUE MORE ADROITLY. THE COMMISSION, HOWEVER, WAS SO LATE IN SUBMITTING ITS FEOGA EXPENDITURES PROPOSALS THAT THE GERMANS LACKED ADEQUATE TIME TO PREPARE A PROPOSAL THAT COULD BE COORDINATED WITH THE OTHER MEMBER STATES. GERMAN OFFICIALS, HOWEVER, COULD TAKE SOME SATISFACTION IN THE COUNCIL'S EARLIER DECISION TO REDUCE THE COMMISSION BUDGET PROPOSAL BY 591 M.U.A.

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(SEE REF A).
GREENWALD

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Message Attributes

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Disposition Date: 28 MAY 2004
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